

FISCAL NOTE

HB 3110 - SB 3746

March 6, 2008

SUMMARY OF BILL: Requires the Board of Pharmacy to create and distribute a prescription form that is serialized and tamper-resistant and establish a registry of providers and facilities that issue the forms. Establishes a Drug Diversion Investigation Unit within the Tennessee Bureau of Investigation. Creates a Class E felony offense for a violation of the act and a Class D felony offense for a second violation.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$2,390,900

Increase State Expenditures - \$679,100/One-Time

\$3,745,800/Recurring

\$41,300/Incarceration*

Assumptions:

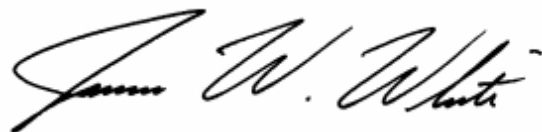
- The Board of Pharmacy will require an additional position which is estimated to increase recurring state expenditures by \$75,800 for salary and benefits (\$61,800), administrative support services (\$7,900), communications (\$1,400), office lease (\$4,100) and supplies (\$600). There will be a one-time increase in expenditures of \$5,100 for office set-up and a computer.
- Prescription pads cost \$2 for 100 sheets. There are approximately 48 million prescriptions written per year in the state. It is estimated that the Board will incur a recurring increase in expenditures of \$960,000 to create prescription pads as outlined in the bill $((48,000,000 \div 100) \times 2)$.
- The Department of Health estimates that it will cost \$1,200,000 to ship the prescription forms across the state and \$150,000 for technical support.
- Pursuant to Tenn. Code Ann. §§ 4-3-1011 and 63-1-137, all health-related boards are required to be self-supporting over a two year period. The Board of Pharmacy will have to increase its revenue to cover the increase in expenditures.
- It is estimated that the revisions to the Health Services Bureau computer system will result in a one-time increase in state expenditures of \$65,000.

- TBI will need four special agents and one secretary. The five additional positions are estimated to increase recurring state expenditures by \$1,359,958 which includes salaries and benefits (\$1,064,858), travel (\$49,900), printing (\$5,100), utilities (\$400), communications (\$16,900), vehicles (\$55,600), rentals and insurance (\$115,000) and supplies (\$52,200).
- There will be \$609,000 in one-time expenditures which includes professional services (\$3,900), supplies (\$335,900), grants (\$32,500), equipment (\$200,000), and communications and technology support (\$36,700).
- Two Class E felonies each year with 0.3 years time served (109.58 days). The annualized time served per conviction is 219.16 days (2 annual number of convictions x 109.58 days served). According to the Department of Correction, the average operating cost per inmate per day for calendar year 2008 is \$62.78. The annualized cost per conviction is \$13,758.86 (2 x 109.58 days x \$62.78). No significant incarceration cost increase will occur due to population growth in this period.
- Two Class D felonies each year with 0.6 years time served (219.15 days). The annualized time served per conviction is 438.3 days (2 annual number of convictions x 219.15 days served). According to the Department of Correction, the average operating cost per inmate per day for calendar year 2008 is \$62.78. The annualized cost per conviction is \$27,516.47 (2 x 219.15 days x \$62.78). No significant incarceration cost increase will occur due to population growth in this period.

* Tennessee Code Annotated, Section 9-4-210, requires that: *For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law. The amount appropriated from recurring revenues shall be based upon the highest cost of the next 10 years.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/kml